

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6573

BILL NUMBER: HB 2146

DATE PREPARED: Mar 7, 2001

BILL AMENDED: Feb 26, 2001

SUBJECT: State Museums Commission.

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill empowers the State Museums Commission to operate and administer the State Museum and historic sites. The bill provides for the appointment of the members of the State Museums Commission. It establishes the Museums Fund. Proceeds from fees for admission to the State Museum and the historic sites, user fees, sales at museum shops, facility rentals, restaurant sales, and any other monies generated by the museums shall be deposited in the Museums Fund.

The bill authorizes the State Museums Commission to develop a separate personnel system for employees of the Commission and provides that the State Museums Commission's employees are subject to the state personnel system if the Commission does not adopt its own personnel system.

The bill establishes the Historic Sites Advisory Council to make recommendations to the State Museums Commission regarding the maintenance, operation, and enhancement of the historic sites and their programs. The bill transfers all real property, personal property, and artifacts of the Division of State Museums and Historic Sites of the Department of Natural Resources to the State Museums Commission. Administrative rules concerning the Division of State Museums and Historic Sites that were adopted by the Natural Resources Commission shall be treated as rules applying to the State Museums Commission. The bill transfers all powers, duties, assets, and liabilities of the Department of Natural Resources regarding the Division of State Museums and Historic Sites to the State Museums Commission.

Effective Date: July 1, 2001.

Explanation of State Expenditures: (Revised) The Indiana State Museum, including real property, personal property, and artifacts of the Indiana State Museum, is transferred from the Division of State Museums and Historic Sites to the Indiana State Museums Commission. The DNR support staff would not decrease due to a transfer of the State Museum to another Commission. The DNR currently has a support staff of 62 positions which include the divisions of Accounting, Internal Audit, Budget and Support, Payroll and Human

Resources, Legal, Executive Staff, and Management Information. The DNR has an annual operating budget of approximately \$100 M, a biennial capital budget of approximately \$100 M, and a work force of approximately 1,500 full-time and 1,800 intermittent employees.

The Museum currently has an estimated base staff of 45 full-time and 2 intermittent positions. It currently has an operating budget of approximately \$3 M of which an estimated \$900,000 is dedicated to the new Museum transition. The transfer of a relatively small portion of the DNR's entire budget and staffing to another commission would not reduce the number of support staff needed at DNR.

The Commission may adopt rules pertaining to the governance of the Commission and the State Museum. The Commission may also provide information on historic artifacts, materials, items, and sites. It may advise and coordinate the activities of other state agencies, local historical associations, historic district commissions, historic commissions, and other interested groups or persons. The Commission may also provide technical and financial assistance to local historical associations, historic district commissions, historic commissions, and other interested groups or persons; develop a program of interpretation and publication of the Indiana State Museum's historical artifacts; and collect and preserve objects of scientific and cultural value representing past and present flora and fauna, the life and work of humans, geological history, natural resources, the manufacturing arts, and fine arts. The Commission may operate a museum shop; hire and pay salaries for full-time or part-time employees for the souvenir shops; contract with a nonprofit organization or corporation for the continuous management of the souvenir shops; and report annually to the Governor on the activities of the souvenir shops. The Museum Souvenir Shop Fund is established. The Commission administers the fund. The expenses of administering the fund are to be paid from money in the fund. The Commission may spend the money in the fund for maintenance or repair of properties and maintenance, repair, and acquisition of artifacts and memorabilia. All money accruing to the fund is appropriated continuously for the above purposes.

Certificates of appointment to the Commission must be deposited with the Secretary of State. The Secretary must notify appointees. These provisions will increase administrative expenses for the Office of the Secretary of State. However, the Office should be able to absorb any increase in administrative expenses given its current budget.

The Commission must file a quarterly report with the Auditor of State. This provision should have a negligible impact on the Office of the Auditor of State.

Each member of the Historic Sites Advisory Council is entitled to reimbursement for traveling expenses. Members would be entitled to \$0.28 mileage. If the Council met at least quarterly, as required, and if all members traveled 100 miles round trip, Council expenses are estimated at \$2,128 (100 miles round trip * \$0.28 mileage * 19 members * 4 meetings). Expenses of the Council would be paid from the budget of the State Museum.

A person who knowingly derives profit from any contract or purchase connected with the State Museum other than for compensation for services or expenses commits a Class D felony. A Class D felony is punishable by a prison term ranging from six months to three years or reduction to Class A misdemeanor depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$20,700 in FY 1999. Individual facility expenditures ranged from \$14,936 to \$37,807. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. The average length of stay in Department of Correction (DOC) facilities for all Class

D felony offenders is approximately ten months.

Explanation of State Revenues: A person who intentionally damages or removes any of the property of the Indiana State Museum is liable for a civil penalty of at least twice the sum necessary to repair the damage or restore the lost property. The penalty may be collected by the Commission in a civil action. Any penalty collected would be deposited in the State General Fund. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class D felony is \$10,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

The Museum Souvenir Shop Fund is established. Profits from the sales at souvenir shops are to be deposited in the fund. An estimated \$200,000 per year will be deposited in the fund. The Treasurer of State shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Money in the fund at the end of the fiscal year does not revert to the State General Fund.

The Commission may appoint a secretary and a superintendent of the Museum who are required to post bonds for the faithful performance of their duties. The president and vice president of the Commission are also required to post bonds.

The Commission may also borrow funds; issue revenue bonds; and fix and collect rents, admission charges, entrance fees, tolls, and other user charges for the museums, restaurants, or other facilities. The impact of these provisions will depend upon the action of the Commission.

All property connected to the State Museum is exempt from taxation.

Explanation of Local Expenditures: A lawsuit brought against the Commission must be filed in a circuit or superior court in Marion County. This provision could increase court administrative expenses by a minimal amount if lawsuits are pursued. The court, however, would collect court fees to help defray costs.

If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Department of Natural Resources, Office of the Secretary of State, Treasurer of State, Department of Correction, and the Office of the Auditor of State.

Local Agencies Affected: Circuit or Superior Court in Marion County, trial courts, local law enforcement agencies.

Information Sources: Mickey James, Assistant Director, Executive Office, DNR, (317) 232-4020; Indiana Sheriffs Association, and the Department of Correction.